

# FAIR Taxes for ALL

Co-chairs: People For the American Way, American Federation of State, County & Municipal Employees, National Women's Law Center, Leadership Conference On Civil Rights, USAction, Campaign for America's Future

March 18, 2003

To: Editorial Page Editors, Writers and Columnists

From: Leaders of the Fair Taxes for All Coalition

Nancy Duff Campbell, Co-President, National Women's Law Center

Ralph G. Neas, President, People For the American Way

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Re: Senate Must Stand Firm Against Bush Tax Cut and Budget

This week, the Senate is expected to vote on a budget resolution that sets the framework for the tax and spending measures it will consider this year. We urge you to opine that Senators must vote against any resolution that contains the President's \$726 billion tax cut and for amendments that significantly reduce it. It is outrageous to prioritize another round of tax breaks for millionaires while slashing billions of dollars in programs that ordinary Americans depend upon (including education and health care for the poor, elderly and children). In addition, it is shockingly irresponsible to consider a tax cut when the costs of a war with Iraq and its aftermath are not known.

The plan reported out by the Senate Budget Committee would result in hundreds of billions of dollars over the next decade from the Social Security Trust Fund, health care, education and homeland defense being diverted to pay for tax cuts that would mainly benefit the wealthiest Americans. The President's proposed dividend tax cut has rightly been criticized for benefiting only the small percentage of Americans who receive substantial income from stock dividends. But the other large piece of the President's \$726 billion tax cut package, accelerating the 2001 tax rate cuts, is even more skewed to the wealthy than the dividend tax cut. Over half of the benefits of accelerating the rate cuts would flow to the top one percent of tax filers, a group whose average income is about \$1 million. The rate cuts alone, without the dividend tax cut, would give millionaires a new tax break of over \$63,000 next year.

An estimated budget shortfall of \$1.8 trillion could have been an \$891 billion surplus, but for the Bush tax and budget proposals, according to the independent Congressional Budget Office. It is beyond reason to run up huge deficits over the next decade – just as the baby boomers reach retirement age – to give another round of tax breaks to the very wealthy few.

A bi-partisan group of Senators has said that they will support a growth package no larger than \$350 billion and that any tax cuts beyond this limit must be offset. There will be an amendment to bring the tax cut down to this size, and other amendments to significantly reduce the level of tax cuts. Halving the tax cut is a step in the right direction, and Senators should support any other amendments that significantly lower the level of tax cuts provided for in the budget resolution. At the end of the process, the most responsible course of action for Senators would be to vote against any budget resolution that still includes a large tax cut.

The tax and budget plan approved by the House Budget Committee last week provides the clearest evidence to date that tax cuts for millionaires would be balanced on the backs of poor and middle-income families, and the Senate's plan is not much better. Under the House plan, \$1.4 trillion in tax cuts over the next decade would be funded by cuts in important programs like Medicare (\$214 billion in cuts), Medicaid (\$95 billion in cuts), Food Stamps (\$12 billion in cuts), veterans' programs (\$15 billion) and farm programs (\$7 billion). To make the tax cuts more politically palatable, the Senate budget does not specify such deep program cuts. But as the costs of the tax cuts inflate the national debt and drive up interest rates, the bill to be paid by future generations will be even higher.

Some Republican Senators have wisely suggested delaying a vote to lock in the size of the tax cut until the Administration can give a clearer picture of the costs of war in Iraq, and other Senators have said they cannot support any tax cut with war looming. Giving tax cuts to the most fortunate Americans while sending our sons and daughters into battle is virtually unprecedented in our nation's history. It is not only foolhardy, but morally indefensible to pursue tax cuts for the wealthy at this time of national crisis.

For more information, please call 202-588-5180 or visit [www.FairTaxes4All.org](http://www.FairTaxes4All.org).

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The Fair Taxes For All Coalition is a massive coalition of coalitions co-chaired by People For the American Way, National Women's Law Center, AFSCME, the Leadership Conference on Civil Rights, USAction, and the Campaign for America's Future. More than 200 national, state and local groups and coalitions – together representing more than 500 organizations and millions of Americans – have pledged to defeat Bush Administration tax proposals that would take resources from health care, education, Social Security, and homeland security in order to give massive tax breaks to the very wealthiest Americans.